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TRADE AND CONSUMER RESPONSE TO A PROPOSED PRODUCT LINE FOR A HANDCRAFTED FURNITURE INDUSTRY IN NEW MEXICO

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TRADE AND CONSUMER RESPONSE TO A PROPOSED PRODUCT LINE FOR A HANDCRAFTED FURNITURE INDUSTRY IN NEW MEXICO

PHASE I

INDUSTRY REVIEW AND CONSUMER RESPONSE

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REPORT ABSTRACT

The Forest Service and Leonard Guss Associates, Inc. conducted this investigation in order to examine the current parameters of the household furniture market and to explore consumer attitudes about the concept of handcrafted furniture. The Forest Service has been looking into the feasibility of a wood handcraft enterprise with several production shops located in small communities of north central New Mexico, and this study relates to the marketing prospects of such an organization. Further review of potential trade acceptance of the product line remains to be completed.

The first portion of the study deals with the household furniture industry, and information was obtained from available statistical reports, trade association executives, and publishers who concentrate on this industry. Among the findings in this section of the report are the following...

... There are about 4,200 companies (4,700 plants) now producing household furniture. Sales for the industry have accelerated (from an average growth of about 6 percent) during the late 1970's, although a slight downturn is expected in 1979 and 1980.

... The demand for consumer durables, such as furniture, is expected to be quite high in the 1980's. This will be especially true for the high end of the industry, since there is, and will continue to be, a trend toward upgrading of household purchases.

... Handcrafted furniture is a rather vaguely defined segment of the industry, due to varying connotations of the concept. In view of the many factory production firms and the high volumes of the largest of these, it is unlikely that the handcrafted segment exceeds one percent of the total furniture volume.

... The trend, in terms of consumer style preferences, includes the following: (1) a shifting away from wood substitutes, after a dramatic increase in these; (2) a move toward greater formality and classic styling; (3) an increasing interest in multi-purpose pieces; (4) the growth of KD or knock-down furniture; and (5) a strong move toward eclectic mixing of styles and finishes, reflecting consumers' growing self confidence in their decorating abilities.

The expectations regarding demand for high-end furniture, along with the style trends, suggest a favorable future for fine handcrafted furniture.

The second part of this project centered upon three qualitative group interviews with consumers in Philadelphia, Santa Fe, and Orange County, California. Consumers selected for these discussions were qualified as having incomes over $35,000, being over 30 years of age, and as past purchasers of furniture and other home furnishings. The purpose of the discussions was an exploration of attitudes, purchasing patterns, intentions, and reactions to the concept of a New Mexico handcrafting enterprise. Among the findings of this section are the following:

... There are, among these repondents, three fairly distinct "life stages" in which furniture is purchased. The first of these comes during early family formation. The second is occasioned by household expansions and other times when people find it "necessary" to make such purchases. The third stage involves upgrading, that is, the discarding of lower quality pieces and their replacement with more sophisticated items. Most fine handcrafted furniture is purchased during this latter stage.

... The respondents who are in the stage of upgrading furniture items tend to avoid large middle-line furniture stores, department stores, and the more traditional types of furniture outlets. They are typically interested in "unique" pieces and are more likely to look for these in small home furnishings boutiques, at auctions, in antique stores, and at estate sales.

... The connotations of handcrafted furniture are typically that the pieces are hand-made (in at least some degree), that joining and finishing techniques differ from those used by factories, and that each piece is unique. Some felt that handcrafted furniture in general does not have the quality of pieces produced by very high line manufacturers, although several other respondents believe that quality can be as high or higher. However, the overall awareness level of handcrafted furniture is considerably lower than that of the high line producers, such as Baker, Kittinger, and John Widdicomb.

... Specific obstacles to the purchase of handcrafted furniture concern the lack of a recognized name for most craft firms and the absence of definitive service and guarantee policies. Although this precludes some purchases, most of the respondents said that these are not insurmountable difficulties.

... Most of the respondents felt that the probable prices of pieces from the New Mexico enterprise would fall slightly below those of the most renowned of the fine production factories. There is a certain appeal connected with this indigenous crafts enterprise, and respondents stated that this should be made known to potential purchasers.

... It was strongly suggested by the respondents that the enterprise should attempt to create a unique style of furniture, although this should not be too obviously southwestern in appearance. It was also suggested that the enterprise limit itself to relatively few types of pieces, at least during its early years.

... The most appropriate types of outlets seen by the respondents would be furniture boutiques, non-furniture home furnishings stores and decorator shops, and stores focusing specifically on this line of furniture.

... Although the respondents felt that the market for the products of this enterprise would be rather small and specialized, there was concensus that the limited production volumes projected could be sold without great difficulty.

TRADE AND CONSUMER RESPONSE TO A PROPOSED PRODUCT LINE FOR A HANDCRAFTED FURNITURE INDUSTRY IN NEW MEXICO

The Problem

The Rocky Mountain Station, in cooperation with the University of New Mexico, has developed and analyzed a concept for a handcrafted wood furniture industry of significant size in north-central New Mexico. Certain assumptions about markets and prices used in the financial analysis of the concept need further elaboration to be convincing to prospective entrepreneurs who would establish this enterprise. Cost and administrative or legal limitations precluded using market survey techniques to obtain this information in projectable, quantitative form. It was also recognized by the investigators that it would be difficult, if not impossible, on the basis of available facts, to define a practical universe of potential consumers for this class of product, as a basis for statitistical sampling. The investigators concluded, however, that useful qualitative insight into the nature of this market could be obtained through unstructured discussions with potential consumers and members of the "high end" furniture trade.

Problem Reference

This problem is related to research objectives set forth in Problem 3 of Rocky Mountain Work Unit Description FS-RM-4251, Expanding and Diversifying Timber Utilization and Markets in Northern New Mexico.

Background

The Forest Service, as this area's principal resource manager, has unusual responsibilities related to the socio-economic well-being of local minority communities. To support a special Forest Service policy regarding benefits the local people derive from Forest Service resources, ways have been sought to increase these benefits. Technical assistance through research is one of the means available to implement this policy. Analyzing the feasibility of the

furniture industry was adopted as an objective after much consultation with local people.

Since marketing is a key issue in the success of the proposed industry, the investigators concluded that further exploration of previous marketing assumptions would be useful to its implementation.

The determination of consumer acceptance of the product line was a major focus of the marketing investigation. Since the furniture will be of high quality and occupy a rather special niche in the furniture industry, it was also necessary to examine ways and means of marketing such items that would retain/enhance their value in the eyes of the purchaser so that retail prices will be commensurate with the worth of the product and the intent of the plan.

Leonard Guss Associates, Inc. and the Forest Service are mutually interested and desired to cooperate in a study to investigate market and price assumptions used in the financial analysis for the handcrafted enterprise.

Specific Study Objectives (Phase I)

1. To elicit, analyze, and document consumer perceptions of handcrafted furniture in terms of perceived values and of differences from mass produced furniture.

2. To elicit, analyze, and document consumer expectations concerning price levels, methods of distribution and selling, methods of promotion and advertising, and service.

3. To develop, analyze, and document information from consumers as to product line components, in terms of styles, species, distinct style lines, and items in each line.

4. To develop from available government, trade association, trade journal, and research literature, an economic description or definition of the furniture and interior design industries within which the prospective enterprise would operate.

STUDY METHODOLOGIES

LGA made use of three data collection techniques to achieve the objectives of Phase I of this work: literature search, focus groups with consumers, and telephone discussions with publishers and trade factors.

Literature Search

LGA arrayed and assessed available information on furniture production and sales from such sources as the National Association of Furniture Manufacturers, Census information, published reports and studies, and opinions and information compiled from trade journals, and publishers. Some of this information was in LGA files; the balance was obtained by mail, telephone, and in personal discussion.

Focus Groups

As a means of exploring consumer attitudes, experiences, and reactions, LGA conducted three focus group interviews. These qualitative research sessions were held in Santa Fe, Philadelphia, and Orange County, California. This technique is especially valuable in exploratory research, where the parameters of the product line, marketing methods, and targeted population have not yet been defined. A more detailed description of the group interview process is provided in the report section dealing with those findings.

INTRODUCTION

Earlier analysis, conducted by the Forest Service and the University of New Mexico, concluded that, from a production and economic viewpoint, a hand-crafted furniture enterprise in the Four Corners area of New Mexico would be feasible. These analyses hypothesized a number of parameters for the business, some of which are as follows:

- incorporated in New Mexico, with headquarters near Santa Fe
- production dispersed among several small shops in mountain villages within, or adjacent to, the boundaries of the Carson and Santa Fe National Forests
- basic products would be furniture made mainly by hand, using traditional craft methods. Styles would consist of New Mexican colonial, which is native to the area, along with other traditional or contemporary styles, based upon market acceptance and demand
- furniture would feature such characteristics as meticulous joinery, hand carving and turnings, and hand patined finishes
- prices competitive with those for other fine handmade furniture and averaging about 15 percent higher than for generally similar fine factory-made furniture such as Baker, Kittinger, and John Widdicomb
- production supervised by master craftsmen, and high quality standards maintained for each piece
- lumber purchased from wholesale suppliers or directly from mills, as quality requirements or economics demand
- wage rates and fringe benefits commensurate with the high quality work being done and appropriate within the geographical region
- a single Management Center to serve as the central management element for the enterprise
- a Service Center, located near Santa Fe to concentrate lumber production, storage, and furniture shipping functions
- each production shop (6 to 10 people) would produce 300 to 400 units per year, resulting in an annual volume of perhaps 4,000 pieces.

The first section of this report provides a description of the furniture industry, as it exists today, and within which this enterprise would compete. The second section concentrates on insights, gained through the focus group interviews, regarding consumers' attitudes about the purchase of home furnishings, furniture, and the prospects of the proposed New Mexico enterprise.

SECTION ONE

THE HOUSEHOLD FURNITURE INDUSTRY

In order to examine the market potential of a new handcrafted furniture enterprise, it is useful to delineate the industry within which it would compete. Although existing handcrafted furniture probably comprises less than one percent of this industry, many of the supply and demand relationships which govern the larger industry will also be important to its smaller, more specialized segments. And, most certainly, the market acceptance of a handcrafted line will be based upon comparisons made, by consumers and trade factors, with furniture which is factory-produced.

Household furniture is by far the largest part of the overall furniture industry, which also includes office, institutional, and other types. More than 4,700 plants produce household furniture (some 2,973 produce wood household furniture) but the number of plants with substantial production volume is far smaller, perhaps about 500. Household furniture includes wood furniture, upholstered, bedding, cabinetry, and other categories of lesser interest to this analysis. Most historical data and economic projections are not available for the separated categories, but only for household furniture in total.

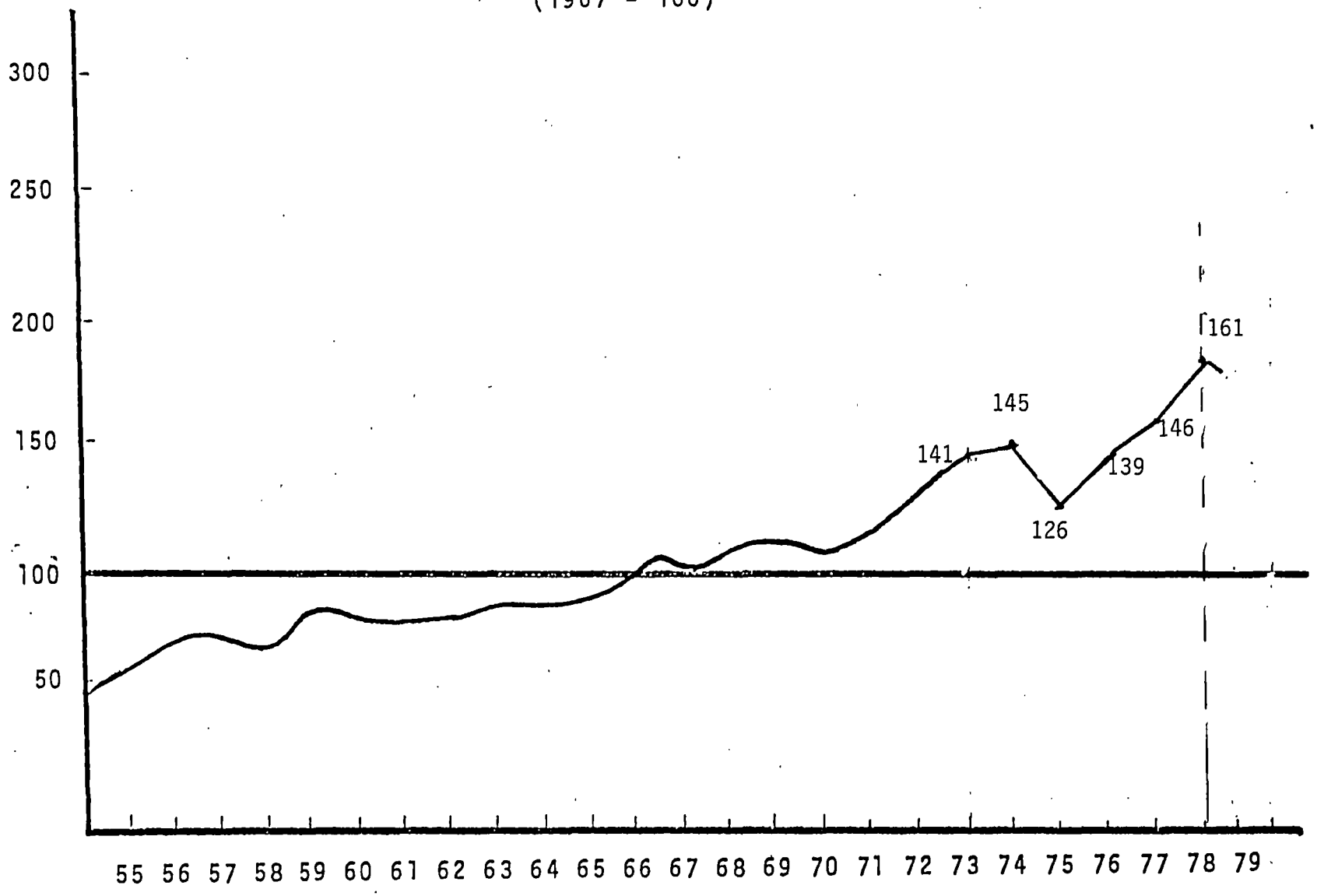
Figure 1 displays the growth of the household furniture industry over the past two decades, in index terms. This long term growth rate has been relatively low, at slightly under 6 percent over most of the period, but it has accelerated rather dramatically during the 1970's. Some of this growth is due, of course, to inflation, but the balance is a result of increased demand.

This increase in demand stemmed from several sources. A major factor was the great housing surge in the early years of the decade and its resurgence in the 1976 through early 1979 period. New housing starts exceeded 2 million units in 1971, 1972, and 1973 and they were only slightly below that figure in 1977 and 1978. This generated enormous increases in demand by consumers for new furnishings. Concomittant with the demand derived from housing was the

Figure 1

INDEX OF HOUSEHOLD FURNITURE PRODUCTION

(1967 = 100)



Source: Federal Reserve Board
Leonard Guss Associates Estimates

LGA (7) INC.

generally high level of personal income and expenditure to support furniture purchases.

The demand for furniture has also been boosted by some longer term trends in our society. (Table 1) From 1970 to 1978, the number of U.S. households went up by 20 percent, about three times faster than the rate of increase in the people who make up the households; in 1978 over half the households in America consisted of only one or two people. The increasing mobility of people has also created, essentially, a new dimension in the furniture trade: rental furniture. Although rentals are usually in the lower priced lines, this service industry has grown very rapidly in recent years, and prospects are strong for future growth. By 1990, the most populous single segment of society will be made up of people between the ages of twenty-five and forty-four. This demographic trend dictates that, during the next decade, there will be more productive workers and fewer people dependent on them, thus enhancing the demand for consumer durables. The massive entrance of women to the work force and the upgrading of jobs which they have and will experience will also create new buying power. A significant portion of this will be channeled into the furniture market.

Given the current downturn in housing construction and the continuation of inflationary economic conditions, it is likely that the industry will experience a modest decline in real spending for furniture in 1979 and 1980 (3-4 percent). The first signs of recovery will probably be in the more functional types of furniture (sofa beds, recliners, etc.) followed by case goods. Although the decline will create some degree of pent-up demand for furnishings, it is somewhat unlikely that furniture purchases will gain as a percentage of disposable income, given the rate of inflation in necessity items and the change in life-styles. The increasing number of unmarried singles forming new households (25 percent of the total) and other younger consumers tend to allocate more funds for travel and leisure activities than for household durables.

Table 1

FURNITURE INDUSTRY FORECAST

	1975	1976	1977	1978	1979*	1980*
Furniture store retail purchases in billions of current dollars	11.47	12.57	9.14	15.12	15.00	14.60
Value of shipments of household furniture in billions of current dollars (excluding radio/ TV cabinets and mattresses)	5.98	6.94	7.46	8.41	8.86	8.90
Value of shipments of wood household furniture in billion current dollars	3.10	3.78	4.15	4.72	4.56	4.45
Retail furniture price index (1967=100)	151.0	160.1	167.5	177.7	192.2 (9/79)	206
Producer price index for wood household furniture (1967=100)	151.8	160.6	169.0	181.7	200.8 (10/79)	220

*estimates

However, it is likely that the high end of the household furniture indsutry will experience above industry average growth during the 1980's. A definite trend seems to have established itself in that consumers are upgrading to better quality products. Those firms which have established quality images in the minds of consumers should be well-positioned to benefit from this trend. It is likly that at least some segments of the furniture-buying public will focus increased attention upon factors such as wood species, workmanship, and good styling. House and Garden reports that the average furniture expenditure for U.S. households which bought furniture (1976) was $517. Among that publication's subscribers, who are probably among the most active and discriminating furniture consumers, the average was $1,600.

Types of Wood Household Furniture

The latest comprehensive statistics available on the wood household furniture industry relate to 1977 production and sales, although later data are available on a selected basis. Between 1977 and the previous census year (1972), the value of shipments increased from $3.9 billion to $4.2 billion (current dollars). This will probably grow to about $4.9 billion by the end of 1979. There has been comparatively little change in the allocation of furniture within these totals, with some exceptions: bedroom furniture declined, as a percentage of the total, and dining room and kitchen furniture gained slightly.

Table 2
WOOD HOUSEHOLD FURNITURE, BY TYPE: 1977 and 1972

	1977	1972
	100%	100%
Living room, library, family room, and den furniture	22	23
Dining room and kitchen furniture	25	22
Bedroom furniture	33	38
Infants' and childrens' furniture	3	3
Outdoor, unpainted, unassembled and knock-down furniture	5	4
Furniture not specified by kind	12	10

Production of Wood Furniture in the Western United States

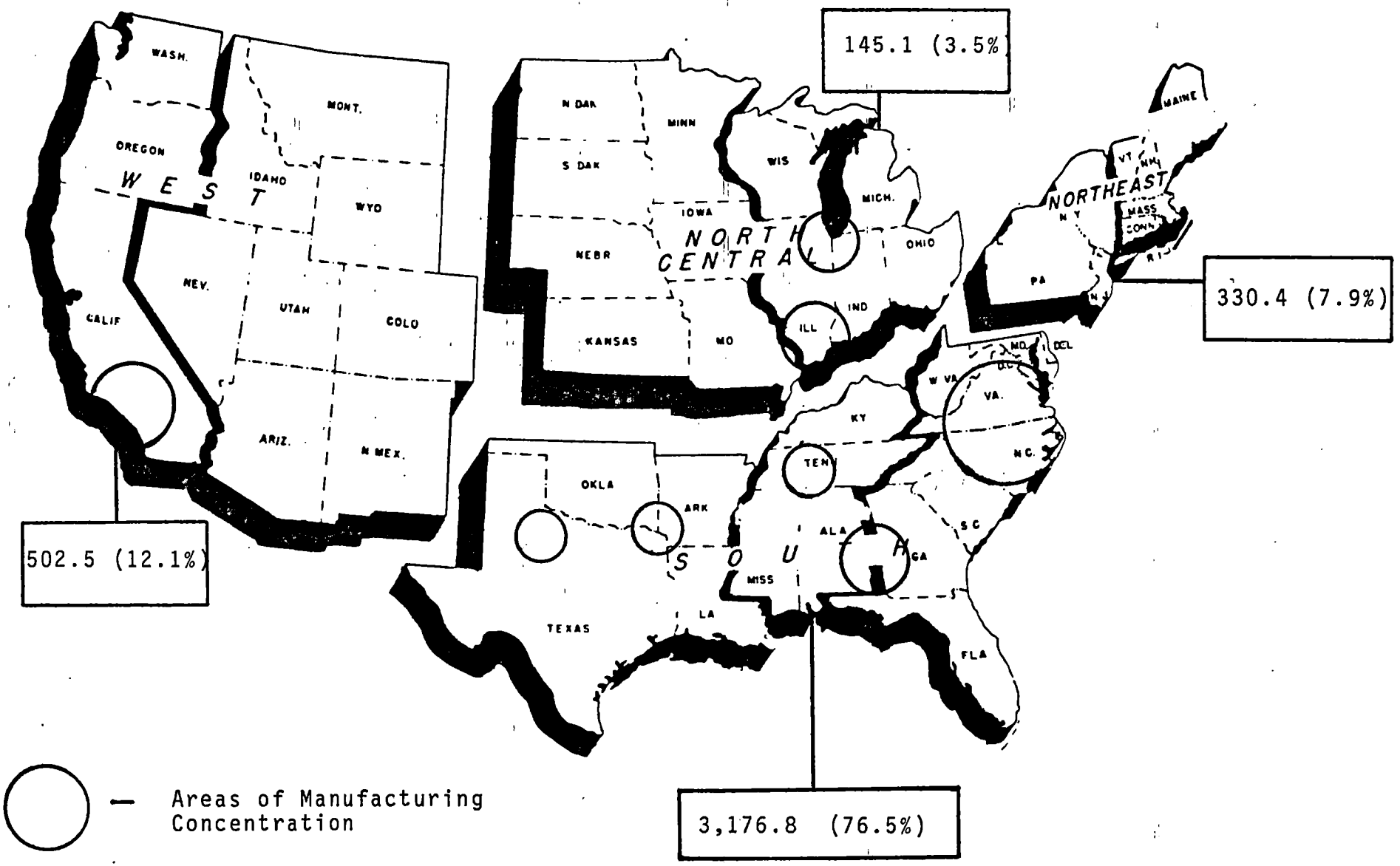
In 1977, the latest year for which complete records are available, the value of industry shipments for all wood household furniture was $4.15 billion. Most of this was produced in the traditional centers of the Southeast and Midwest, although there are other important furniture producing areas as shown in Figure 2. In the West, California is the key producing state, with shipments of $384 million. Oregon shipped $27 million. In the West South Central states, Arkansas shipped $150 million, Texas shipped $99 million, and Oklahoma shipped $19 million. The Mountain states, including New Mexico, were insignificant factors in terms of wood furniture production.

Figure 2

WOOD HOUSEHOLD FURNITURE PRODUCTION AREAS: 1977

(In Millions of Dollars and Percent)

TOTAL U.S.: $ 4,154.8



Areas of Manufacturing Concentration

SOURCE: U.S. Bureau of the Census

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In 1974, New Mexico had 9 plants producing wood household furniture, and all of these employed fewer than 50 people each. Arizona had 22 plants, of which only 3 employed more than 50 people. Elsewhere in the Mountain region, Colorado had 17 plants, Utah had 9 plants, and Nevada had 3 plants. All of these employed fewer than 50 people. With only 60 manufacturers, the Mountain region is the least furniture-oriented of any of the U.S. Census regions. Whatever furniture tradition exists there is built around small manufacturing concerns with very limited marketing range.

Sales of Furniture by Region and Store Type

Although production derives from traditional sites and regions, and only incidentally parallels population locations, consumption is quite closely related to population, and differs from place to place only according to that population's lifestyle and disposable income. Figure 3 illustrates the 1978 distribution of retail sales for all furniture stores and is probably fairly similar to the sales pattern for wood household furniture.

Total sales of furniture and appliance outlets in 1978 were close to $39 billion at the retail level. The states accounting for major portions of this volume were California (12 percent), New York (7 percent), Florida (6 percent), Texas (6 percent), Illinois (6 percent) and Pennsylvania (5 percent). New Mexico, Arizona, Utah, and Colorado, combined, accounted for 5 percent of total U.S. sales in 1978. The adjacent Texas market, surpassing this proportion, represents an area of high potential for a manufacturing concern located in New Mexico.

In 1977 the retail sales level of all household furniture was approximately (in current dollars) $14 billion. Typically, about 80 percent of volume is made up of wood furniture, or case goods. There are approximately 2,600 furniture wholesalers in the United States and about 30,000 retailers classified as furniture stores. Based upon interviews within the industry, Leonard Guss Associates, Inc. estimates that the proportions of furniture volume accounted for by various types of retailers are as follows:

Figure 3

1978 RETAIL SALES OF FURNITURE/FURNISHINGS/APPLIANCE STORES

(In Millions of Dollars)

ALASKA: 57.9

HAWAII: 170.5

U. S. TOTAL: 38,633.7

SOURCE: SALES & MARKETING MANAGEMENT

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Independent Furniture Stores	40%
Department Stores	20%
Chains	20%
Warehouse Showrooms	20%

For most furniture stores, regardless of type, the kinds of furniture which are in the category of most interest to a handcraft enterprise (i.e. living room occasional, and dining room) account for about 16 percent of sales. The largest single category is upholstered living room furniture, accounting for about 22 percent of sales for most stores. A typical furniture store can expect a turnover in living room (non-upholstered) and dining room furniture of about two times per year, with a gross margin return of about $1.30 for each $1.00 invested.

FURNITURE DISTRIBUTION

From the manufacturer's point of view , the marketing and distribution of household furniture is a fairly simple and straightforward system, varying little over the past several decades or among various regions of the Country. The primary mechanism in this system is the furniture shows, which are conducted periodically in four major regional centers: High Point, Chicago, San Francisco, and Dallas. At these shows the manufacturers exhibit their existing lines and place special emphasis on the new offerings which they are presenting to the trade. The shows are attended by dealers and other trade factors who, after viewing the offerings of the various manufacturers, make their major choices about the lines which they will handle during the forthcoming period. At the shows, the dealers typically place orders for comparatively small volumes of pieces (or suites) and test them for consumer acceptability in their showrooms. For western dealers, the primary regional shows are held in San Francisco in January and July; permanent manufacturers' displays are also maintained at the furniture marts in Los Angeles, Seattle, and Dallas.

Furniture manufacturers also retain commissioned representatives who call upon dealers throughout the year and obtain additional orders, although they seldom place orders for items which the dealer has not previously seen at a show. The

representatives are also responsible for expediting orders, claims, and inquiries. Most commissioned representatives handle more than one manufacturer's line, usually within the same general price class but, typically, not items which compete directly with one another.

There are two primary exceptions to this system, both stemming from relatively new types of retail organizations which have been gaining popularity in recent years. The first of these types is the "warehouse showroom" category of dealer, typified most notably by Levitz and Wickes. Briefly, this type of retail organization has grown successfully with the following ingredients in their marketing mix: (1) suburban locations, adjacent to freeways; (2) massive physical facilities with immaculate storage areas through which customers must walk; (3) heavy, aggressive advertising; (4) showrooms arranged in small vignettes; and (5) emphasis on well-known brand names at purportedly low prices. These organizations have become so large and pervasive in the furniture retailing world that they have induced many producers to cater their marketing procedures specifically to them. In essence, the manufacturer calls upon large regional offices of these chains and negotiates the sale of a certain proportion of his production for the coming period. In a number of instances, (e.g., Thomasville, Bassett, Singer, etc.) the manufacturers have agreed to produce special lines specifically for these retailers, so that the retailers' customers cannot compare prices for the same merchandise at other stores.

The second exception to the traditional system consists of the captive or franchised retail outlets. For the most part, non-aligned manufacturers are shut out from these retailers, unless they have a line which is highly complementary and needed to fill certain product line gaps not produced by the parent company or franchiser. The largest and best known of these captive systems is the Ethan Allen organization, some of whose dealers are prohibited from purchasing any merchandise not procured or specified by the parent company. In the early 1970's, Champion International also established a number of captive outlets, selling the company's lines of furniture (Drexel and Heritage) along with carpeting and interior furnishing items. Drexel/Heritage was sold to Dominick International Corporation in 1977.

Methods of Shipment

U.S. Department of Commerce data indicate that the greatest portion of household and office furniture is shipped by private truck. In 1972, this amounted to 42 percent of the total tonnage. Rail accounted for 27 percent and motor carrier transported 31 percent of the total tonnage. In the western United States, truck shipments are even more important than in other parts of the country, accounting for 64 percent in the West South Central states and 48 percent in the Pacific states. A typical furniture shipment weighs less than 10,000 pounds; about two-thirds of the shipments fit this description.

The centers of furniture production in the Southeast and Midwest are within reasonable proximity of many major population centers. Consequently, the majority of shipments (62 percent) travel less than 500 miles to their destinations. Another 27 percent travel between 500 and 1,000 miles; only 11 percent of the total furniture production is shipped more than 1,000 miles.

COMPETITION

As noted later in this report, western manufacturers are a relatively small portion of the industry, in terms of volume sold. The major competition, of course, comes from the many large and well-known producers in other parts of the country who ship their merchandise to all domestic markets. Major names in the upper middle to high end of the wood furniture market include:

American of Martinsville
American Drew
Baker
Broyhill
Cochrane
Drexel/Heritage
Dixie
Ethan Allen
Henredon

Hibritten
Johnson-Carpen
John Widdicomb
Kittinger
Link-Taylor
Pulaski
Richardson
Stanley
Thomasville
Virginia House

All of these manufacturers and many others market their products in essentially the same way (with the exception of Drexel/Heritage). They utilize the regional shows and they use commissioned sales representatives who may or may not handle other lines. Several of them also deal directly with warehouse showroom organizations in very large volume orders.

There are no industry statistics which permit a reliable estimate of the size of the handcrafted segment of the market. The primary difficulty lies in the definition of handcrafting. The word is used quite loosely within the industry and may refer to anything from totally hand carved pieces to those in which a minimum amount (perhaps finishing and distressing) of hand labor is employed. The other major difficulty lies in the scattered and widely differing character of firms which produce furniture which is described as "handcrafted." Some are simply single artisans, who sell their work in local stores and open-air fairs. Conversely, there are several firms with upwards of 100 employees, which specialize in antique reproductions and advertise nationally.

The Cooperators in this study have collected a number of brochures and advertisements from the larger of such firms, which would represent the major competition in this small segment of the furniture industry. A partial listing is as follows:

Southern Highlands Crafts Guild: Asheville, N.C. (varied styles)
Kentucky Crafts Guild: Beria, KY

Beria Student Crafts: Beria, KY
Rollingswood: Grayslake, IL (furniture reproduction kits)
Suter's Cabinet Shops, Inc.: Harrisonburg, VA (colonial reproductions)
J.F. Orr & Sons: Sudbury, MA (colonial reproductions)
Virginia Mountain Crafts: Marion, VA (colonial reproductions)
James G. Dern: Elgin, IL (English and American designs in mahogany)
Philip LaVerne Galleries, Ltd.: New York, NY
Kittinger Company: Buffalo, NY (primarily Williamsburg reproductions and adaptations)
Hunt Country Furniture: Wingdale, NY (Early American "country style")
Bartley Collection, Ltd.: Lake Forest, IL (Eighteenth century reproduction kits)
Frederick Duckloe & Bros.: Portland, PA (colonial reproductions)

In spite of the relatively stable nature of the larger firms and the great number of individual craftsmen making and selling handcrafted furniture, most of the industry sources contacted by LGA estimated that this portion of the furniture industry accounts for less than 1 percent of overall volume. The proportion is not likely to increase significantly in the future, in spite of renewed interest in high quality pieces, because of the massive production capabilities of the large production line manufacturers of household furniture.

CURRENT STYLE PREFERENCES

Home Furnishings Daily, a major publication in the furniture field, recently released its 1979 survey of retail furniture outlets. The respondent firms are divided between specialty stores and department stores, with the former being the more relevant in this review. The results of this survey, although not statistically precise, provide a reasonably good picture of existing consumer preferences across the total socioeconomic spectrum. A discussion of style trends follows this review.

Table 3

STYLE PREFERENCES AMONG SHOPPERS AT FURNITURE (SPECIALTY) STORES: 1979

CATEGORIES OF SALES:	
Upholstered	39%
Case Goods	28
Bedding	10
Occasional	8
Dinettes	5
Lamps/Accessories	4
Lifestyle (contemporary casual)	1
Other	5
Total	100%

STYLES OF DINING ROOM FURNITURE SOLD	
Early American	26%
Traditional	19
Contemporary	13
French	10
Country	8
Italian	7
Mediterranean	7
Oriental	4
Nostalgic	3
English	3
Total	100%

STYLES OF LIVING ROOM FURNITURE SOLD:	
Traditional	33%
Contemporary	25
Early American	24
Country	5
French	4
Mediterranean	2
Italian	2
Nostalgic	2
Oriental	2
English	1
Total	100%

BEST SELLING WOOD FINISHES:	
Oak	30%
Pine	23
Pecan	21
Maple	11
Walnut	6
Cherry	5
Ash	1
Mahogany	1
Other	2
Total	100%

TRENDS IN MATERIALS AND STYLING

Up to the mid-1970's, there had not been a significant style change in American household furniture for about ten years, although a definite trend began appearing then. In the 1950's there was a major trend to Scandinavian and

Danish Modern styles, which were very popular for about a decade and were characterized by blonde wood and straight-line styling. In the mid 1960's, consumer tastes changed quite radically toward Spanish and Mediterranean styling, with their heavier, more ornate style features. This lasted longer than most industry experts expected, but declined in the mid-1970's.

During the years of 1968 through 1974, there was a dramatic shift in the raw materials used in furniture construction. The usage of particleboard and medium density fiberboard as a core for panel materials climbed steeply, surpassing any growth previously known in the furniture industry. The use of high, medium, and low-pressure plastic laminates and overlays as surface materials grew at a similar pace, coincident with rising veneer and labor costs in the industry. The third material making significant inroads during this period was polyester (form and injection-molded) which is formed to resemble and replace carved or intricately machined wood pieces. It was particularly useful in the ornate styles which were most popular during that period.

In about 1975, the industry began to witness the beginnings of a "backlash" to this wide-ranging use of wood substitutes coincident with a recession and a drop-off in furniture sales. There was again a growth in preference for wood in its most rustic, rough hewn, and rugged appearances... replete with knots, cracks, and splits. The trend was consistent with several other signs of the times, most specifically the increasing reverence for our natural environment, a nostalgia theme in dress and the arts (representing times which are seen as having been more secure) and the emphasis on the pioneer spirit which was coincident with the American bicentennial.

In making a virtue out of wood's natural defects, many manufacturers renamed the species they used with such appellations as knotty ash, pecky pecan, knotty cyprus, wormy ash, and gummy cherry. Eastern and western pine species also made a major comeback. Manufacturers began, in some cases, to deliberately erode the grain of wood, mismatching the pieces, and using random width planks in their designs.

The new styles of furniture were consistent with the "natural" wood surfaces which are designed into it. "Country" appearance was the primary theme. It can be interpreted in a number of ways, such as in English, French, Mediterranean, and Early American. The common look of all of these styles is a "casual" appearance which might include distressing, rasp marks, delineation of wood grains, rounded corners, and worn looking edges. Consumer preferences in species lean to oak, pine, pecan, maple, walnut, cherry, and ash...in approximately that order.

Although there have been an increasing number of voices predicting that domestic hardwoods (of furniture grade) would become increasingly scarce and increasingly expensive, and that this circumstance would force consumers to accustom themselves to cheaper imported woods, and, to a greater extent, plastic and polyester substitutes, this has not materialized. Although the various non-wood overlays have found a definite and permanent place as surfaces in modern, contemporary, and Early American furniture (lower line pieces, and those receiving heavy usage), it now appears unlikely that such a major change will take place. Three circumstances combine to counteract these forecasts: (1) many furniture hardwoods are being regenerated and will not decline so severely as projected; (2) the demand for natural appearance will allow greater utilization of existing hardwood and some softwood stocks; and (3) consumers, by and large, are lately showing a great deal more independence of manufacturers' dictates than they have for many decades, and this movement is likely to continue into the foreseeable future.

Altough the "Country" look is still in vogue, the appearance of these pieces is becoming less rustic. Consumers and stylemakers seem to be returning to an appreciation of fine hardwoods, without all the nicks and scratches. This means, of course, that the price of finer furniture will probably rise even faster than inflationary trends would tend to dictate. There is a definite trend toward the mixing of more than one species in single pieces, which tends to contrast the qualities and characteristics of the woods.

In terms of styling, two major movements will probably carry through well into the 1980's. The first of these is a return to more formal and traditional home environments. Darker finished and cleaner lines are characteristic of this "new" look. Elegance seems to be the key factor here, and consumers are willing to pay for it.

The other major trend is related to the shrinking size of the average dwelling and the need to accommodate to smaller spaces. There is a strong European influence now apparent in the market, which takes the form of multi-function modular pieces, although the modularity is less important than the ability of the piece to serve more than one need. Contemporary styles dominate this movement, and most designers seem to be striving for a clean, but not stark look. In addition to appearance, consumers are looking for flexibility. With a population that is more and more mobile and living in more unusual space configurations, standard groupings of furniture are losing out to pieces that are foldable, stackable, and mixable in several formats. The furniture trade is beginning to make more and more mention of "eclectic environments" and there is a growing belief that they are here to stay.

In addition to these major trends, there are other trends apparent in the industry, although none have the long term force of the two mentioned above. A type of modern, more casual furniture is called "lifestyle" and most of this is manufactured in KD (knock down) fashion. However, the distinctions between KD lifestyle furniture and contemporary styles are fading, and it may not be too many years before this term disappears from the industry. In recent years there has also been a fairly high interest in rattan and wicker furniture, and this is likely to continue for at least a few more years. Oriental, particularly Chinese, styling has made a resurgence after decades of dormancy. With the new eclecticism, consumers feel comfortable in mixing these oriental styles with contemporary, Mediterranean, and other pieces. Industry sources also report recrudescent interest in wall systems, curved pieces in both upholstered and case goods, the incorporation of brass, and the use of mahogany.

More and more, industry sources report, the sales of bedroom, dining room, and living room furniture are related to individual pieces rather than suites. And, it is often the unusual pieces in which consumers are most interested. However, function and scale are also key concepts in the merging market of the 1980's. There is an understanding that appearance is the most important factor, but that the piece must be useful and that it must fit in the home with other pieces. Most agree that, in terms of scale, the trend is toward lighter and less bulky pieces.

SECTION TWO: FOCUS GROUP INTERVIEWS

There were three group interviews conducted for this project: in Santa Fe, Philadelphia, and Santa Ana, California. The purpose of the interviews was to explore consumer attitudes about furniture and furniture purchases, as well as obtaining reactions to the concept of fine handcrafted furniture and the proposed enterprise in New Mexico. Prototype pieces, made by Southwest Spanish Craftsmen, Inc. (Santa Fe) were shown in two of the sessions, and photographs of these pieces were used in the Santa Ana session.

The value of the focus group method of information collection, when effectively employed, is that it creates an atmoshere in which respondents may freely and candidly discuss feelings, emotions, and preferences which are difficult to obtain through other, more traditional and structured survey methods. The basic procedure of focus group interviewing, as applied by Leonard Guss Associates, Inc. is that groups of ten or so persons with reasonably homogenous lifestyles are recruited and given an incentive for their participation. The interviews are conducted in an informal atmosphere and location, in such a way that the respondents essentially manage the meetings themselves, with occasional guiding, probing, and narrowing by the group facilitator who is experienced in this technique.

Focus group interviews are not a means of obtaining **statistically** projectable or reliable data. They do not measure differences among groups of people. Rather they are most useful for determining the common attitudes among groups of people. They are very useful, also, in exploring the **range** and **depth** of attitudes and perceptions regarding topics of interest.

An "industry" such as fine handcrafted furniture, because of the expense and the variety which characterize its offerings, has a rather small market which cannot be described through the usual demographic categorizations. The use of statistical sampling to identify such a market undoubtedly would be extremely

expensive and probably prone to error, because of the low incidence of potential buyers in the population. In such situations, qualitative research is often the most practical and cost-effective means of market analysis.

In this case, the respondents in the group interviews were pre-screened to meet certain criteria:

- Each group contained a mixture of men and women
- Annual incomes of respondents exceeded $35,000
- Respondents were over 30 years of age (average about 45 to 55)

There were from nine to twelve participants in each session. The sessions were tape recorded for later review and analysis.

I. FURNITURE PURCHASES

The sessions began with discussions of the respondents' previous purchases of furniture and the times in their lives when they have given most attention to this type of acquisition. A general pattern emerged in the conversations, and there was relatively little variation among the respondents. These people, most of whom are now middle-aged and older, typically purchased their first furniture in their early twenties. For several, this was the first major acquisition following marriage. For the most part, this furniture was rather inexpensive and considered only a first step in the building of their households, with intentions to upgrade over the years, as personal financial resources improved. Some of the respondents also received gifts of furniture, either heirlooms or fine new pieces, from their parents. For these people, the furniture given to them was almost invariably the best piece(s) in their homes at that time.

The general tendency of most of the respondents was to keep this "starter" furniture for many years, adding to this stock with better pieces at the time of household moves (to larger homes), the furnishing of children's rooms, and the construction of house additions. Usually, the pieces which were bought at those times were better in quality than those originally purchased. The respondents reported that, in spite of their intentions to upgrade or replace original

furniture, this usually does not take place as rapidly as is normally planned. Procrastination, the question of disposal of older but serviceable pieces, and an ever-increasing and dismaying array of alternate expenditures were cited as factors in this lack of attention to new furniture purchases.

Many of the respondents in these sessions, however, have done a fair amount of upgrading. For most of them, this has been a gradual process, beginning as they approached their middle years. Sometimes this has been occasioned by remarriage or a move to a different style of housing. For others, it seems simply to have resulted from a desire to accumulate finer possessions and to add to the elegance of their homes. Whereas many had purchased suites or organized groupings of similar style furniture in their earlier years, none of them had done this when they upgraded or changed their furniture. Most said that, as people grew older, they develop greater self-confidence in their tastes and have a greater appreciation of variety in their homes. To them, a household (or even a room) furnished all in one style is uninteresting and reflects a lack of imagination. Pieces are usually purchased one at a time, after fairly careful searching. These respondents reported that, in their middle and later years, there is no strong time pressure regarding furniture purchases, and selection of "just the right pieces" becomes a matter of pride which they often see as an adventure.

A. Shopping Patterns

During the respondents' early years, most had purchased furniture on the basis of price, and the lowest cost outlets (with some assurance of quality) had been sought out. Warehouse showrooms did not exist in those years, for the oldest of them, but respondents reported buying from other types of discounters, at used furniture outlets, estate sales, and various types of low margin outlets. In the next stage of furniture buying, the respondents were much more likely to frequent the more traditional furniture and home furnishings stores, including department stores. Quality, style, and "fit" with the room are more important considerations at that time, and there is a widespread belief that price can be equated with quality, at least to some extent. Those respondents (primarily women) with the greatest interest in furniture and the most definite ideas about

their own tastes appear to do the most shopping, and often this is done in antique stores, furnishings boutiques, and at auctions.

It appeared to be typical in the sessions that, even for the wealthier respondents, selecting an appropriate piece of furniture is a very important decision. One's home furnishings are definitely seen as a reflection of self and, as such, must be chosen with great care. The tendency toward these attitudes seems particularly strong among the older respondents and/or those who are most fond of entertaining guests at home. Several of these people spoke of trying to furnish their homes with distinctive pieces and ones which are "interesting" and "unique". According to the respondents, these types of pieces are not often found in typical department store furniture sections, nor in the larger middle-line furniture stores. More often, they are found in smaller high-line furniture stores, boutiques, antique shops, at auctions and estate sales, or through mail ordering from specialized furniture manufacturers.

The use of interior decorators was also discussed. Although several members of the groups had used these professionals at one time or another, this kind of assistance was not seen as common. In other words, even among the higher socioeconomic groups, far more furniture is chosen by the purchasers than is recommended by interior decorators. One would suppose, on the basis of these discussions, that the ratio might be in the area of 100 : 1. There are two major factors which preclude the widespread use of interior decorators. The first is the cost, which is presumed to be quite high, even for those decorators who work in tandem with furniture and home furnishings outlets. The second is perhaps more salient for most consumers; that is, they feel that a decorator is likely to establish his/her own personality in the consumer's home, and any reflection of the owner's tastes and lifestyles will be eliminated. Nevertheless, there were respondents in the groups who disagreed with both of these perceptions and would (and do) use interior decorators, albeit very infrequently. Except for major refurnishing or remodeling projects, the majority of the respondents prefer to rely upon their own judgements and shopping abilities.

B. Perceptions of Quality

The word "quality" is probably one of the most common descriptions used in conversations regarding furniture, and its definition is one of the most vague. The respondents agreed unanimously that quality in furniture becomes more and more important as people grow older and as they take a greater interest in the appearances and maintenance of their homes. There was also universal agreement that the general level of quality in the furniture industry has been declining steadily. This was said to be one reason for the skyrocketing cost of good antique furniture, and it was also noted by some that the inexpensive furniture they bought in their early years is better in quality than much of the expensive new furniture on the market today.

When asked what quality means to them, the respondents cited a number of denotations. There was considerable discussion of **workmanship,** generally referring to the absence of manufacturing defects, the ways in which pieces are fit together, and the degree difficulty in manufacturing the furniture. Another indication of quality was said to be **design,** although the respondents could not agree on a definition of good design; most simply implied that they know it when they see it. **Durability** was certainly another factor which people associate with quality. In this respect, the respondents referred to the use of solid wood (or veneer over plywood or lumber core), as opposed to "pressed sawdust". They also talked about the tightness of joints and the overall strength of the pieces. It is believed that modern factory-produced furniture could not hold up nearly as long as the antiques which have survived from the 18th and 19th centuries.

Still another very important indicator of quality is **brand name.** Among most of the respondents, although less in the California group, the major brand names serve as guarantors of quality. This is important because, in spite of many consumers' self-confidence about design and style, they admit that they can be deceived about materials, workmanship, and durability. Certain brand names have come to be associated with high quality in the furniture business. Among those mentioned in the group sessions were Henredon, Kittinger, Thayer-Coggin, Baker, Drexel/Heritage, Ethan Allen, Hitchcock, and Hickory. The discussions

suggested that these people would be willing to pay more for pieces with those and other high quality names, even if they could not personally tell the difference among furniture of several manufacturers. Regarding those names associated with very high quality there was no apparent recognition that quality standards have declined or changed much over time, even though this may be the case. Aside from authentic antiques, these high-line names represent the ideal for many furniture buyers.

Finally, the concept of **service** was discussed in relation to quality. It is perceived that manufacturers and retailers who are associated with a high quality line should (and do) agree to stand behind the line, with few questions asked. This means that defective or marred pieces can be returned without difficulty, that delivered pieces should look like the demonstration pieces, and that consumers are given the right to change their minds after the piece is in the home. The estimation of a manufacturer's or retailer's quality is directly related to its reputation for service.

II. HANDCRAFTED FURNITURE

The respondents were next asked for their perceptions of handcrafted furniture, especially in comparison to the types of production furniture which they had been discussing up to this point. The sessions revealed that there is considerable confusion about the meaning of handcrafted or hand-made in relation to furniture. To most, the word connotes that the furniture is at least partially made by a craftsman who uses rather simple tools to fashion parts and apply finishes. Another aspect of the most common perceptions is that the piece is generally made by one person, from start to completion. There is clearly a suggestion that each piece is unique, in at least some respects, since a craftsman could not duplicate even his own work precisely. Several respondents said that handcrafting also means that the craftsman is the primary designer of the piece. Handcrafted furniture is generally thought to be made with superior materials (e.g., "solid wood"), to have carved or ornate designs, to be sturdier than factory-produced pieces, and to use different joinery than is employed in mass production.

Opinions about the usual quality of handcrafted furniture differed, in spite of the perceptions noted above. With the exception of the heavy pine Mexican furniture sold in low-margin import stores, most handcrafted furniture is considered to be at least as high in quality as middle-line production furniture. Some respondents stated that, almost invariably, handcrafted furniture is better than factory-produced furniture.

Others were not of this opinion, however: they said that the quality of the finished piece is highly dependent upon the skills of the craftsman and the original design of the furniture. Therefore, the quality of handcrafted furniture can be highly variable. In comparison to some of the very high lines that had been discussed, these people feel that the larger companies have better resources (craftsmen, machinery, materials) and, consequently, can turn out higher quality furniture than most handcrafters. Moreover, these people said, furniture companies, with a reputation at stake, offer a degree of service and guarantees that few handcrafters can match. With service being an important aspect of quality, this means that high-line production firms have an advantage in this regard. Another advantage is clearly the status appeal of certain furniture names. Among the higher socioeconomic groups, names such as Kittinger, Baker, and John Widdicomb are well known, and their furniture is considered to be very sophisticated. There are many buyers of fine furniture, as indicated by these sessions, who would choose these brands not only because of the implicit guarantees of quality, but because they represent a symbol of the owners' success and good taste.

There is a much lower awareness of handcrafted furniture than of even the very expensive and limited production furniture names. Most of the respondents believe that a great deal of the antique furniture on the market was originally handcrafted, and several are also aware of individual craftsmen in their areas, who turn out a very limited number of pieces. However, there is little recognition of the types of handcrafting firms which were noted earlier in this report. Although there are many of these companies, located mainly in crafts-oriented areas throughout the country, their names and the reputation of their products were not known to the respondents in these sessions (who are, in fact,

quite knowledgeable about furniture.) This is undoubtedly because, individually, their production levels are low, their retail outlets are limited, and their advertising and promotional activities are miniscule, compared with a production company of even moderate size. The market share of these combined enterprises, as noted earlier in this report, is probably less than one percent; therefore, consumers' exposure to their finished pieces is also quite limited.

III. REACTIONS TO THE SPECIFIC CONCEPT OF A NEW MEXICO HANDCRAFTING ENTERPRISE

In each of the group sessions, the moderators explained the concept of the proposed furniture-making operation. Accompanying this explanation, the respondents were shown pieces of furniture (actual demonstration pieces or photographs) which were illustrative of the type of fine work which could be produced by the enterprises. The respondents were cautioned that the pieces did not, in fact, necessarily represent the styles, materials, or finishes which would actually be used. The remainder of the discussions focused on the quality of the work, prices, the perceived choices for success of such an enterprise, the most effective marketing channels and promotional activities, and the personal interest of these respondents in the concept and the products.

A. Quality

Virtually all of the respondents agreed that the prototype pieces exhibit a high degree of quality. The workmanship was perceived as good; each piece was seen as being strong and durable; and the materials were judged superior to those used in most production furniture. There are three areas in which the respondents' comments were either neutral or negative, however. The first of these relates to design. Since the pieces represented only three basic styles (New Mexican colonial, Pilgrim Century, and a French Canadian derivative of provincial styling), it was no surprise that a number of group members stated that they did not find the styling to their tastes. The Southwestern style was appealing to more of the New Mexico and California residents than to the Philadelphians. The reverse was true with regard to the more ornate French Canadian pieces.

Therefore, the group interviews, by their nature, cannot be considered a true evaluation of this aspect of perceived quality, and they were not intended for this purpose.

The lack of a recognized name was also seen as a drawback to this line and would bear upon perceptions of quality. There is very little awareness of the furniture crafting skills of northern New Mexico Hispanics outside of the local area. The area is more often thought of as a center for pottery, weaving, jewelry, and western painting. For this reason, the respondents suggested that they would have to be convinced of the quality, rather than relying upon their own judgements or prior knowledge of the skilled craftsmen involved in the enterprises.

A third potential disadvantage, as seen by the respondents, revolves around the question of guarantees and post-sale service. In areas which are distant from New Mexico, these people believe that that there could be some difficulties with regard to returns, repairs, and other types of service which the well known or local manufacturers might provide. This would be especially true if consumers were asked to purchase only through catalogs, with photographs being the only guide to colors, finishes, and dimensions.

In spite of these perceived difficulties, there was a general consensus that such an enterprise could be capable of producing very high quality pieces. The respondents stated that styling would be dictated by market demand and that skilled craftsmen and designers could certainly develop some styles with broader appeal. The issue of guarantees and the reputation of the enterprise, if the concept succeeds, would be resolved over a relatively brief time span. Therefore, the respondents agreed that there is nothing inherent in the concept which is an important obstacle to the perception of quality. With regard to this measure of success, they feel that the enterprise could do well.

B. Price

One of the most difficult inquiries in consumer research (either qualitative or quantitative) regards people's perceptions of appropriate prices for products,

especially those types which are not in everyday use. For highly specialized products, such as fine furniture, people often rely on the opinions of "experts" with regard to the price/value relationship. This uncertainty was apparent in these interviews, and it was complicated by the absence of a definite product line for the respondents to review. Since most people can only estimate acceptable price levels in relation to products with which they are more familiar, the respondents were asked about the value of this furniture as compared to very high-line production furniture.

Another point worth making in this context is that consumers' stated price expectations, in a research situation (e.g., groups, questionnaires, individual interviews) are usually low in relation to market realities. The reasons for this are, no doubt, varied, but the phenomenon does occur in most research. One is more likely to obtain realistic retail price levels from wholesalers, retailers, and other trade factors.

Among those respondents who were favorably disposed toward the concept and the prototype pieces, most felt that an acceptable retail price would fall somewhat below those of the very high-line furniture producers, such as Baker and Kittinger. This would place the range near that of Henredon, American of Martinsville, and Ethan Allen. Although they felt that the quality might be as excellent as that of the high-line manufacturers, they conceded that some portion of the latters' prices are based upon the reputations of the brand names, and that the New Mexico enterprise would not have that advantage.

C. Appeal of an Indigenous Handcrafting Enterprise

Nearly all of the respondents lauded the purpose of the enterprise and the Forest Service's role in fostering this feasibility study. Also, most said that the consumer's knowledge of the background of the firm would add some uniqueness to the furniture and would, therefore, add some buying interest. The majority agreed, however, that the knowledge that the firm would be an indigenous industry and serving the needs of a disadvantaged ethnic group would not compensate for a lack of quality, if such were the case. This knowledge also

would not compensate entirely for the consumers' lack of familiarity with the skill levels of the craftsmen or for the absence of a long-established reputation for quality.

There was a strong suggestion in each of the groups that the story of the enterprise and its craftsmen would, indeed, help to establish the firm's credibility and provide a worthwhile product differentiation, in terms of market acceptance. The respondents recommended that each piece should be signed by the craftsmen and be affixed with a label or small brochure which would include the following types of information: (1) the crafts heritage of northern New Mexico Hispanic people; (2) the concept of the village-centered industry; and (3) the uniqueness of each piece of furniture.

D. Styles

The respondents were asked to discuss their opinions regarding the array of styles which could or should be produced by the enterprise. The basic options here were two: to make a wide variety of pieces to suit highly individualized tastes and decor or to make relatively few types of pieces, for which the enterprise could develop a solid reputation for quality and good design. Of course, there are a number of variations on either of these alternatives, and several of these were discussed in the group sessions.

Most of the respondents saw some difficulty in the production of many different styles. They felt that this was overly ambitious for a fledgling firm and that the firm could probably not do an equally good job with, say, French Provincial and American Colonial. Moreover, they believe that it would be much more difficult for this firm to establish a reputation if there were to be no consistency in styling among its pieces. They feel that this could be accomplished more easily if the enterprise were to concentrate on a limited range, such as Kittinger's Williamsburg reproductions.

In each of the groups, respondents said that they have some difficulty associating Southwestern craftsmen with the production of styles which are alien to their

heritage. It was suggested that the enterprise attempt to develop its own distinctive style of furniture, probably with some (subtle) degree of Spanish influence. For instance, a Spanish or even Mexican derivation of provincial furniture would seem more suited to this enterprise than a French Canadian derivation. The respondents noted that unique styling would certainly help establish the kind of market differentiation needed, thus adding to the intrinsic value of the furniture and providing a better basis for promotion. If the furniture is to be marketed nationally, however, the participants recommended that its styling should not be too obviously southwestern, since that has limited appeal in the midwestern and eastern states.

If the development of a unique style is not feasible, the respondents suggested that the enterprise limit itself to relatively few types of pieces, at least during the early stages of operation. The recommendation was to make reproductions of pieces which have broad appeal and yet allow the craftsmen's skills to be demonstrated in the finished work. The originals could be identified in museums, in private collections, or from photographs and sketches. During the course of the discussion, the moderators made the distinction between actual replicas of antique furniture and the type of adaptations more usually found in the marketplace... the latter being obviously new pieces, but produced in the general style of the antiques. For the large majority of respondents, this was not a distinction having any marketable value; that is, to them a reproduction is a reproduction and a real antique is a real antique. The major difference seen among reproductions relates to the workmanship and other previously discussed measures of quality.

E. Distribution

There was a great deal of contradictory opinion in the groups regarding the most appropriate means of distributing the furniture to the marketplace. The one type of outlet which almost nobody recommended is the traditional furniture store. The respondents stated that furniture stores would probably not give this furniture the kind of special attention that is needed to draw the consumer's interest. At the high prices which are likely to be charged for these pieces, they

would suffer in price comparisons to other furniture on the showroom floor, since most shoppers are not good judges of quality. The same types of comments applied to the furniture sections of major department stores.

Respondents perceived both positive and negative aspects to mail order sales. On one hand, this was seen as a way for the enterprise to save sales expenses (especially considering the limited production volume), and well-done magazine advertisements and brochures are seen as a sophisticated way of selling some products. The unfavorable opinions somewhat outweighed these factors, however. Only one or two consumers in all of the groups said that they would be willing to purchase such an expensive piece of furniture sight unseen, and these fears are magnified by the lack of the firm's reputation for quality or longevity. Second, there is a perceived difficulty with regard to service and guarantees. An unknown firm in a distant part of the country could not be counted on to accept returned merchandise for repairs or because of dissatisfaction. Moreover, return shipping is seen as very time consuming and inconvenient. Third, the respondents stated that, unless a buyer is very familiar with the style which is being ordered, advertising photographs are generally a poor representation of the actual piece and are not good selling tools in and of themselves.

Following considerable discussion about distribution, most of the group participants came to some agreement that specialized retail outlets would be the most appropriate places for them to view and purchase this furniture. These fall broadly into three categories: small high-line furniture stores (including special sections of department stores), non-furniture home furnishings stores and decorator shops, and outlets especially devoted to sales of this line of furniture.

The small high-line store is the type of outlet most favored by the respondents. They said that these retailers can devote more attention and sales effort to a line of unique furniture, have closer contact and better rapport with the makers of the line (thus giving consumers greater assurance that difficulties can be resolved), and have more focused showrooms and fewer directly competing pieces on the floor. The respondents believe that if the New Mexico line can be highlighted and its story told effectively by sales personnel, there could develop

a favorable "mystique" about the furniture. If the pieces are seen as unique, exclusive, and somewhat difficult to obtain, a great deal more consumer interest is likely and higher prices could be charged.

Essentially the same arguments were heard with regard to non-furniture stores and outlets especially devoted to this line. However, most of the respondents agreed that the firm's marketing network would be more difficult to establish and maintain under either of these options. In any of the three cases, however, the respondents see a need for relatively exclusive sales territories. They agreed that, with the exception that a major department chain might have a few pieces in several stores, only one outlet per city should be allocated by the enterprise. Some respondents went even further, arguing that, with such limited production capacities (about 4,000 pieces per year), there would be no need to cover more than a few major cities. They said that the cities should be chosen with regard to the "fit" between the styles chosen for production and the style preferences of people in those areas. For instance, outlets for New Mexican colonial furniture should be located in a few of the major cities of the Southwest and southern California.

Not to be overlooked are the interior design showrooms located in many large cities. These are locations where retailers or the customers of interior decorators may view lines of furniture and furnishings. Although the use of decorators was not widespread among the group participants, it is likely that those who do use these services would be directed to such showrooms.

F. Market Definition

At the conclusions of the sessions, the respondents were asked about their personal interest in the types of furniture that might be produced by the New Mexico enterprise. Because of the incompleteness of the current marketing plan, some of the group participants were not able to answer the question, and others were reluctant to commit themselves in this way. However, the

Consultants wereable to make some generalizations about potential interest among these groups (only). It appeared that those who would give this type of furniture the most serious consideration have one or more of the following characteristics:

- over about 50 years of age... certainly past the household formation and "necessity buying" stages
- interested in unique furniture to a greater extent than in brand names
- self confidence in their decorating abilities
- in at least the upper-middle income categories (over, say, $40,000 per year family income)
- have an interest in cultural traditions and/or fine arts and crafts.

Such characteristics are certainly no guarantee of potential markets, nor can they be used as statistical measure in the population at large. They can be used, however, as rough parameters in the creation of promotional materials, the selection of outlet locations, and the choice of advertising media... if these are pertinent decisions to be made by the enterprise at a future time.

The group sessions suggested that, as previously conjectured, the market for this handcrafted furniture is likely to be small and specialized. There is only a small portion of the population which purchases high-line furniture, has a serious interest in fine handcrafts, and has the desire to own unique pieces. However, there were a few people of this description in these groups, that were chosen without regard for their degree of furniture connoisseurship, and several group members reported having personal acquaintance with other people of this type. Therefore, a conclusion of this work is that, if a recognizable degree of quality can be established and good designs can be developed and marketing techniques are targeted on the appropriate portions of the population, the enterprise can succeed in selling several thousand pieces within the proposed price range. However, it must be remembered that this is a qualitative judgment, based only

upon the comments of an unrepresentative group of people. The project served as an initial screening of consumer attitudes and, as such, did not rule upon the likelihood of success for the enterprise. Rather, it provides general direction for further marketing analysis of the venture, centering around the attitudes and recommendations of people in the furniture trade.

TRADE SOURCES OF INFORMATION

Ms. Christina Berowski Mr. Arman Mishamen	Home Furnishings Daily (Fairchild Publications)
Ms. Barbara Cohan Ms. Carolyn Sollis	House and Garden Magazine
Mr. Conda Executive Director	Interior Home Furnishings Representatives Association
Richard Cook	New Mexico Arts Division, State of New Mexico
Ms. Peg Heaton	National Home Furnishings Association
Richard Hubbell	Southwest Spanish Craftsmen, Inc. (Santa Fe)
Ms. Kathy Mahoney	House Beautiful Magazine
Mr. Bing Nessan General Manager	Mount Adams Furniture Company (Wapato, WA)
Mr. Marty Reddan	National Association of Furniture Manufacturers
Dennis Rowley Manager	Schoenfelds Furniture (Tacoma, WA)
Ms. Linda Singleton	Sunset Magazine
Ms. Shirley Van Zante	Better Homes & Gardens Magazine